

[Editor: Normand T. Deragon](#)



## Rhode Island District Office and SCORE to Hold Annual Small Business Night with the Pawtucket Red Sox

Another fun-filled night of food, fun and baseball is set for Tuesday, August 9 at McCoy Stadium in Pawtucket. The third annual *Night of Family Fun*, is a salute to Rhode Island National Guard and Reserve families and their employers. Last year nearly 400 attended the event in the right field party tent, sponsored by the Rhode Island District Office and SCORE: *Counselors to America's Small Business*.

The activities begin at 5:00 p.m. with an all-you-can-eat grilled chicken breast, ¼ pound hamburgers, grilled hot dogs, cole slaw, potato chips, lemonade and ice cream bars. Pre-game festivities featuring SBA, SCORE and members of the Rhode Island military will include the ceremonial first pitch. The game between the [Pawtucket Red Sox](#) and the Buffalo Bisons, the Triple A farm team of the Cleveland Indians, will follow.

Tickets are \$25 per person and may be purchased by calling SCORE at (401) 528-4571. Ticket orders must be received no later than Friday, July 22.

## Demand for SBA-backed loans continues at record pace

Small businesses continued to turn to the U.S. Small Business Administration for commercial credit in record numbers through the first three quarters of fiscal year 2005, reflecting their confidence in the U.S. economy.

Small businesses secured SBA backing under the agency's flagship 7(a) program for 71,131 loans through the first nine months of the fiscal year, a 21 percent increase over the same period last year. The loans total \$11.1 billion, 19.5 percent more than in the same period last year.

The gains are also reflected in the SBA's 504 loan program. Through the first nine months of the fiscal year the 504 program had issued 6,434 loans worth \$3.44 billion, more than 6 percent ahead of the same period last year.

The budget for the current fiscal year makes more than \$21 billion available to small businesses through the two loan programs.

To learn more about applying for an SBA loan visit the agency's extensive Web site at [www.sba.gov/financing](http://www.sba.gov/financing). To view SBA loan activity in Rhode Island, see **BankRank Report** on page 8.



## From the District Director's Desk

*Mark S. Hayward*

The SBA here in Rhode Island continues to reach out to entrepreneurs who want to start a small business or are planning to expand. Virginia Thimas will be staffing the Central Rhode Island and Greater Westerly-Pawcatuck Area chamber offices on a part time basis. This will provide better access to SBA programs and services in South County and Central Rhode Island.

My thanks to the Rhode Island SCORE chapter for joining with us to host the third annual Night of Family Fun at McCoy Stadium in Pawtucket on August 9<sup>th</sup>. Through the support of the small business lending community and other individuals and organizations, we are able to provide tickets to Rhode Island military members and their families. Tickets are \$25 per person, and if you would like to attend and/or donate tickets to military families, call the SCORE office at (401) 528-4571 and request a reservation form.

I extend my best wishes to Melanie Sabelhaus as she departs the SBA and returns to the private sector. Melanie visited Rhode Island on several occasions and enjoyed meeting small business owners across the state. Congratulations to Stephen Galvan, who now has assumed the duties of acting deputy administrator.

The district office continues to meet or exceed its assigned production goals for the current fiscal year. We continue to promote the 504 loan program. It allows a small business to purchase real estate and/or equipment with as little as a 10 percent capital injection. We now have five SBA certified development companies approved in Rhode Island. If you have been thinking of expanding your business to include major equipment purchases or acquiring real estate, consider the 504 loan program. To learn more about the advantages of using this program, call the Rhode Island District Office at (401) 528-4561.

Enjoy the summer, and I hope to see all of you at McCoy Stadium on August 9.

## SBA to staff chamber of commerce offices in Westerly and Warwick



**Virginia Thimas (seated) demonstrates the SBA Web site to entrepreneurs at the Central R.I. Chamber of Commerce**

Small business owners and would-be entrepreneurs in the Warwick area and South County will now have the opportunity to meet with a representative from the SBA two days each month.

“The Small Business Administration is committed to providing personal service directly to the Rhode Island small business community,” said Mark S. Hayward, director of the SBA Rhode Island District Office. “By placing an SBA staff member in the chamber office, entrepreneurs have more convenient access to our programs and services,” Hayward added.

Virginia Thimas, from the SBA Rhode Island District Office, will be at the [Greater Westerly-Pawcatuck Area Chamber of Commerce](#) on the first and third Wednesday of each month from 9 a.m. to 5 p.m. effective August 3<sup>rd</sup>. The office is located at One Chamber Way, Westerly, R.I.

Thimas will also be at the [Central Rhode Island Chamber of Commerce](#) on the first and third Friday of each month from 8:30 a.m. to 4:30 p.m. effective August 5<sup>th</sup>. The office is located at 3280 Post Road in Warwick, R.I. Thimas will be available to explain the many programs and services available through the SBA and to provide referrals to resource partners for entrepreneurs who need assistance with specific business planning.

To schedule an appointment with Virginia Thimas send an e-mail message to [virginia.thimas@sba.gov](mailto:virginia.thimas@sba.gov), or call the Westerly Chamber at (401) 596-7761, or the Central R.I. Chamber at (401) 732-1100.

## Deputy administrator Melanie Sabelhaus departs SBA; President appoints Stephen Galvan as acting deputy administrator

President Bush has designated SBA chief of staff Stephen Galvan as acting deputy administrator following the resignation of Melanie Sabelhaus. Sabelhaus left the SBA on June 15 to return to the private sector, where she had been a successful entrepreneur, business woman, philanthropist and corporate officer for 25 years.

Galvan will continue to serve as the SBA's chief of staff and chief operating officer, positions he has held since July 2004. He also has served as the agency's chief information officer. Galvan is a native of Chicago.

As SBA's acting deputy administrator, Galvan serves as the second-in-command to administrator Hector V. Barreto in managing an agency with more than 80 offices across the country. He is responsible for overseeing policy development and program supervision for the SBA.

Before coming to the SBA, Galvan served as E-Government portfolio manager for the Office of Management and Budget (OMB). There, he used modern technology to improve internal federal government processes to reduce costs in areas such as supply-chain management, financial management and knowledge management.

Galvan, a former entrepreneur, has extensive business and information technology management experience in telecommunications, media, utilities, consumer products and insurance industries. He has worked for Fortune 500 companies and consulting firms.

Galvan holds a Master of Business Administration from the University of Chicago, Graduate School of Business, a Bachelor of Science degree from the University of Illinois at Chicago, and has done advanced



## Congressional action stops junk faxes, helps small business

With the passage of the Junk Fax Prevention Act of 2005 (S.714) Congress has acted to stop junk faxes while ensuring that small businesses can communicate with their customers. The legislation will ensure that businesses can send faxes to customers with whom they already have an established business relationship without having to obtain written prior approval. The bill has been sent to President Bush for his signature.

The legislation prohibits sending unsolicited fax advertisements to anyone who has requested that they not be sent. Unsolicited faxes can be sent if the senders have an established business relationship with the customer and the fax contains a conspicuous notice on its first page that the recipient may request not to be sent any further unsolicited faxes. To prevent third party mass marketers from buying fax lists, businesses must obtain fax numbers either directly from the recipient, or from a published source such as a directory, advertisement, or the Internet.

The act overturns overly broad legislation issued by the Federal Communications Commission (FCC) in July 2003. Those regulations would have made it illegal for businesses to send faxes to even long-time customers unless they had specific written permission to send a fax to a particular number. The FCC regulations were opposed by a broad range of over 600 businesses and trade associations.

In a May 2004 letter to the Office of Management and Budget (OMB), the [SBA Office of Advocacy](#) noted that the FCC regulations "places a substantial burden on manufacturers and other businesses by compelling them to obtain the signed written consent of each recipient before any commercial fax may be sent" and that the rule should be modified "to continue the established business relationship exemption."



## SBA announces Web chat series for small business owners

The U.S. Small Business Administration will kick off a live Web chat series for small business owners on entrepreneurship to engage business owners and aspiring entrepreneurs in a national dialogue about issues that matter to them most.

The Web chat series will provide business owners with the opportunity to have an exchange on relevant business issues with real-world industry leaders and successful entrepreneurs. Participants will converse online in real-time, having direct access to the Web chats via questions they will provide, and be able to receive instant answers to their questions.

Kicking off the first chat will be J. Scott Plank, chief administrative officer of [Under Armour Performance Apparel](#), on Thursday, July 21 at 1:00 p.m. The Web chat will focus on “Entrepreneurship: Innovative Strategies for Small Business Growth.” Plank will share the incredible story of helping to build a multi-million dollar business with other entrepreneurs and aspiring business owners, as well as provide insight on the successes and challenges of entrepreneurship.

Under Armour Performance Apparel was inducted into the SBA’s Hall of Fame earlier this year. The company employs 450 people, and received the SBA honor based on its exemplary leadership in the business community, innovation, growth, and job creation.

Participants can join the live Web chat by going to [www.sba.gov](http://www.sba.gov), and clicking “Your Small Business Voice Live Online.” The live Web chats will be held monthly on a variety of small business topics. For details about future live Web chats, go to [www.sba.gov](http://www.sba.gov).



*“I recommend that you take advantage of the many free programs, services, and resources highlighted in this resource guide. They can help you to plan a successful venture and may ultimately be your key to success.”*

**Mark S. Hayward**  
District Director

[Click here to view the Rhode Island Small Business Resource Guide](#)

## SBA’s Small Business Development Center program marks its 25<sup>th</sup> year

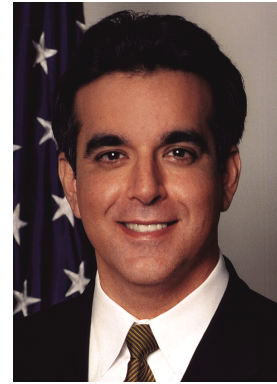
The Small Business Development Center program is 25 years old. SBDCs are the U.S. Small Business Administration’s largest counseling and training network.

SBA Administrator Hector V. Barreto heralded the anniversary and praised the program’s continued outstanding success in strengthening the nation’s economy through job creation and retention. Officially begun in 1980 after three years as a pilot program, the SBDC program has grown enormously, from eight to 63 Lead centers and more than 1,000 service center locations in every state, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa. The program offers free one-on-one counseling and low-cost training by experienced business professionals to aspiring and existing entrepreneurs, working in coordination with federal, state, local and private sector resources.

Since 1980, the SBDCs have met the needs of more than 11 million start-up and existing clients. In fiscal year 2004, SBDCs counseled nearly 280,000 existing and would-be entrepreneurs—the largest number in its history. SBDCs provide services such as development of business plans, and assistance with manufacturing, financial packaging, contracting, and international trade. Special emphasis areas include e-commerce, technology transfer, IRS, EPA and OSHA regulatory compliance, research and development, disaster recovery assistance and market research.

For more information about the SBDC, contact the [Rhode Island Small Business Development Center](#).

## *Messages from SBA Administrator Hector V. Barreto*



### **New trade opportunities are a boon to small businesses**

Congress will soon begin debating about the value of expanding trade with our friends in the Dominican Republic and Costa Rica, Guatemala, Nicaragua, Honduras and El Salvador. From the perspective of a former small business owner, the prospect of expanding trade opportunities through the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA) is encouraging.

DR-CAFTA will level the playing field for American workers, farmers and ranchers by reducing and eliminating onerous tariffs and regulations. Consider this: currently, 80% of imports enter the United States from the DR-CAFTA countries duty free. The same is not true for American exports, on which DR-CAFTA countries still levy significant tariffs. Passage of this trade pact would correct this harmful trade imbalance.

U.S. businesses expected to benefit from this immediate duty elimination include information technology products, agricultural and construction equipment, paper products, pharmaceuticals, medical and scientific equipment, high-quality cuts of beef, soybeans, cotton, and wheat, along with many fruits and vegetables and processed food products. Remaining tariffs will phase out over the next few years. Those levied on U.S. automobiles and auto parts will be eliminated in the next five years; consumer and industrial goods will see all residual tariffs lifted within 10 years; and tariffs on all U.S. farm products will be lifted within 20 years, and most in the next 15.

Expanding the marketplace for American goods will result in billions of dollars of growth. The DR-CAFTA market already consumes over \$4 billion in consumer and industrial goods alone, even with heavy tariffs in place. The U.S. Chamber of Commerce predicts U.S. sales to the region will increase by \$3 billion in the first year. The American Farm Bureau forecasts that farm exports could grow by as much as \$1.5 billion annually.

There are other more specific economic benefits to American small businesses—including a strengthening of the U.S. textile industry's ability to compete with Asia; strengthening of protections for U.S. patents, trademarks and trade secrets; ground-breaking anti-corruption measures in government contracting; and increased transparency in customs operations and dispute settlement mechanisms.

Aside from the obvious and immediate economic benefits, DR-CAFTA will advance economic development and strengthen security among our neighbors. Democracy in Central America remains precarious, but it is paramount to peace and prosperity for the citizens of those nations. By providing economic support to countries forging their future under the banner of democracy, we support their economic freedom and the democratic institutions that will lead to regional stability and increased quality of life among their people. Improving labor standards and economic growth throughout the region will be good for American small businesses and better for Central American and Dominican Republic workers.

Small businesses, the backbone of the American economy, create more than 37 percent of the value of U.S. exports to the DR-CAFTA region. Their stake in the outcome of this free-trade agreement is great; as it is for all Americans. Our security depends on our prosperity and that of our neighbors. The potential economic growth that creates jobs for workers and encourages political and economic stability will foster increased productivity and peace at home and abroad.

DR-CAFTA is one of the most important trade agreements in our nation's history. Congress must pass DR-CAFTA.

## Maximizing federal procurement opportunities for small businesses a priority for the Bush Administration

One of the many key responsibilities of the U.S. Small Business Administration is to ensure that small businesses receive a fair portion of federal procurement dollars. The SBA takes pride in both its efforts and accomplishments in what it has attained. For example, the latest figures available indicate that in fiscal year 2003, the U.S. government met its goal of awarding 23 percent of prime contracts, more than \$65 billion, to small businesses. If you count associated subcontracts, small businesses received over \$110 billion in contracting dollars. While this is good news, we're striving to do more.

One of the realities about government contracting is that it is not what it was just a decade ago. Now, contracts can last 20 years or more. For small businesses competing for government contracts, this more complex environment has crucial implications. The key is to make sure small businesses can compete fairly for contracting dollars. To that end, the administration has undertaken a number of actions to streamline and strengthen the contracting process.

In 2002, President Bush, as part of his small business agenda, ordered that contract bundling be minimized. There is a widespread practice of consolidating contracts performed by small businesses into a single, larger one. The resulting contract is not suitable for small businesses to bid on. As a result of the President's directive to level the playing field, SBA in conjunction with the federal procurement community, published regulations addressing the mitigation of contract bundling.

Additionally, the SBA has improved the accuracy of its small business procurement database by purging businesses that may have in fact been large. In addition, small businesses in this database must now update their information annually.

Other steps we've taken include permitting small businesses to challenge any contract award where they may question the size of the winning firm. Also, the SBA now lists on its Web site businesses found to be other than small as the result of a formal size determination made by the agency.

One important action that took effect last December requires small businesses to recertify their size when a contract they have is transferred to another firm. SBA will also soon release final size recertification rules that would redefine when during the life of a long-term contract a small business' size status should be determined.

The net effect of these activities will help the federal government have a clearer picture on how small businesses are faring in government contracting and more importantly, to take steps if it's required.

Contracting opportunities for small businesses are dependent on their size. Because of this, we're re-examining what is actually defined as a small business. Today, there are 37 different definitions, depending on revenues and/or number of employees. In an effort to update the definitions, we're seeking comments this month through hearings we're conducting across the country to hear directly from the public. A hearing has already taken place in Portland, Maine. Based on this input, we plan to propose new definitions later this year.

We're also being innovative by creating other procurement opportunities for small businesses. Our Business Matchmaking program has resulted in millions of dollars in new contracts, but more importantly tens of thousands have gotten access to buyers and decision makers they never would have met otherwise. In the near future, the purchasing arm of the federal government, the General Services Administration, will go out to bid on multi-billion dollar contracting opportunities specifically set aside for small businesses.

Something I know directly from having been a small business owner is that small businesses don't expect anything to be handed to them. What they do want is more business. The actions by the Bush Administration as well as the SBA with respect to federal procurement will help to do exactly that.

## Monthly SBA Programs and Services Workshop scheduled at the Central Rhode Island Chamber

Staff members from the SBA Rhode Island District Office and SCORE: *Counselors to America's Small Business* will conduct free monthly workshops at the Central Rhode Island Chamber of Commerce in Warwick.

The workshop includes an overview of the loan programs and technical assistance available through SBA and resource partners, and a tour of the Business Resource Center located at the chamber.

The workshops are held from 9-11 a.m., every second Friday of the month. Register online at [www.sba.gov/ri](http://www.sba.gov/ri), or call (401) 528-4561.

## SBA honored during World Trade Day 2005



Bryant University President **Ronald Machtley** presents an award to district director **Mark S. Hayward** in appreciation for the SBA's continuing support of World Trade Day.

## New online instructor-taught classes for small business owners to be provided by the SBA and Thomson Corporation

New online classes will soon be available across the nation through a cosponsorship between the U.S. Small Business Administration and the Thomson Corporation (Ed2Go). Ed2Go is a national provider of online instructor-taught training classes, offering courses through more than 1,000 community colleges and other partners around the country.

Small businesses and entrepreneurs will have the opportunity to enroll in three of Ed2Go's most popular online educational courses at no cost. The courses being offered are:

- **Creating a Successful Business Plan**  
Work through all of the major components of a business plan and turn your business ideas into a solid plan for financing and long-term success. Committing your idea to paper in the form of a business plan increases your chances of obtaining financing and keeps your business strategically focused.
- **Customer Service Fundamentals**  
Develop new skills in identifying and satisfying customer needs, and become an indispensable asset to any organization. This online course will help you discover and master the essentials of customer service. You'll learn the best ways to measure customer service, apply the principles of consumer behavior to your business, and differentiate between industrial and consumer marketing.
- **Creating Web Pages**  
Create and post your very own Web site on the Internet in this exclusive, hands-on workshop. Learn about the capabilities of the World Wide Web and the fundamentals of Web design. You'll also learn critical and timely information on securing the best possible location in search engine listings, and powerful, no-cost or low-cost Web marketing strategies.

Each online course will be six weeks in length, and will be facilitated by an instructor. The next course start dates are July 20, August 17, and September 21. Online registration for each course is limited to the first 2,400 registrants. To register visit [www.sba.gov/training](http://www.sba.gov/training) and go to the free online courses section and click on the "Instructor-Facilitated Courses" button to complete your registration.



## 2005 Rhode Island Salute to Small Business celebration honors 11 entrepreneurs and advocates



**The 2005 Small Business Award Winners** (from left): **Jeffrey Jordan**, SBA Young Entrepreneur of the Year (Rhode Island and New England); District Director **Mark S. Hayward**; **Louis Soares**, Minority Small Business Champion; **Lt. Col. Mathies J. Santos**, Veteran Small Business Champion; **Laura DiSano**, Financial Services Champion; **Charles F. Reade, Jr.**, Small Business Exporter of the Year; **Diane Fournaris**, Woman in Business Champion; **Gordon A. Kilday, Jr.**, Jeffrey H. Butland Family-owned Small Business of the Year; **Dr. Joyce R. Gifford, DVM**, Rhode Island Small Business Person of the Year; SBA Regional Administrator **Charles E. Summers, Jr.**; and **Ann Marie Marshall**, Home-based Business Champion. Missing from the photo are: **Bridget Botelho**, Small Business Journalist of the Year; and **Christopher Y. Downs**, Rhode Island SBA District Director Award.



# RHODE ISLAND SBA BANK RANK

*Fiscal Year 2005 (YTD) – October 1, 2004 to June 30, 2005*

## 7(a) Approved Loans by SBA Lenders by Loans and Volume

|  |     |              |
|--|-----|--------------|
| 1. Citizens Bank of Rhode Island         | 323 | \$13,623,900 |
| 2. BankRI                                | 66  | \$8,472,500  |
| 3. The Washington Trust Co.              | 49  | \$9,070,600  |
| 4. Coastway Credit Union                 | 46  | \$9,677,000  |
| 5. Bank of America                       | 38  | \$4,724,100  |
| 6. Sovereign Bank New England            | 37  | \$3,912,100  |
| 7. Capital One F.S.B.                    | 20  | \$900,000    |
| 8. BankNewport                           | 12  | \$1,090,000  |
| 9. Westerly Community Credit Union       | 11  | \$1,510,000  |
| 10. Independence Bank                    | 8   | \$3,724,000  |
| 11. CIT Small Business Lending           | 5   | \$2,348,000  |
| 12. Freedom National Bank                | 5   | \$555,000    |
| 13. Innovative Bank                      | 5   | \$30,000     |
| 14. UPS Capital Business Credit          | 4   | \$2,853,000  |
| 15. Ocean Bank                           | 3   | \$758,000    |
| 16. Unity Bank                           | 3   | \$522,600    |
| 17. Charter One Bank, N.A.               | 3   | \$80,000     |
| 18. Webster Bank, N.A.                   | 3   | \$70,000     |
| 19. Commerce Bank and Trust Company      | 2   | \$962,000    |
| 20. Stearns Bank, N.A.                   | 2   | \$447,500    |
| 21. bcp Bank, N.A.                       | 2   | \$387,500    |
| 22. Business Development Company of R.I. | 2   | \$225,000    |
| 23. Fall River Five Cent Savings Bank    | 2   | \$120,000    |
| 24. United Midwest Savings Bank          | 1   | \$1,450,000  |
| 25. Bristol County Savings Bank          | 1   | \$600,000    |
| 26. Business Loan Center                 | 1   | \$580,000    |
| 27. Telesis Community Credit Union       | 1   | \$405,000    |
| 28. Skylands Community Bank              | 1   | \$250,000    |
| 29. Rockland Trust Company               | 1   | \$240,000    |
| 30. Greenwood Credit Union               | 1   | \$180,000    |

**Total 7(a) Loans: 658 \$69,767,800**

## Certified Development Companies (504 Loans)

|  |    |             |
|--|----|-------------|
| 1. Ocean State Business Development Authority    | 16 | \$8,771,000 |
| 2. Rhode Island Community Investment Corporation | 1  | \$193,000   |

**Total 504 Loans 17 \$8,964,000**

## Participating Lenders – SBA 504 Loans

|                                    |   |             |
|------------------------------------|---|-------------|
| 1. BankRI                          | 5 | \$2,791,250 |
| 2. Sovereign Bank New England      | 3 | \$1,652,500 |
| 3. Coastway Credit Union           | 3 | \$592,500   |
| 4. Bank of America                 | 2 | \$2,764,700 |
| 5. The Washington Trust Company    | 2 | \$2,685,000 |
| 6. Citizens Bank                   | 1 | \$580,000   |
| 7. Westerly Community Credit Union | 1 | \$230,000   |

## SBA MicroLoans

*These loans were made through the SBA-approved, non-profit, intermediary.*

|  |   |           |
|--|---|-----------|
| Rhode Island Coalition for Minority Investment | 8 | \$169,600 |
|--|---|-----------|

**Total Loan 683 \$78,901,400**